

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 9/2/2011

**GAIN Report Number:** MY1009

## Malaysia

## Oilseeds and Products Update

**August 2011**

**Approved By:**

Chris Rittgers

**Prepared By:**

Raymond Hoh

**Report Highlights:**

Malaysia's crude palm oil (CPO) production dropped a marginal one percent to 1.75 million tons in July 2011. CPO output is now forecast at 18.3 million tons for 2010/11. CPO exports rose 9.4 percent to 1.7 million tons in July. The strong exports reduced stocks through the end of July. The monthly average delivered CPO price rose to USD1,049/ton in August.

**Post:**

Kuala Lumpur

**Executive Summary:****Production**

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production dropped marginally to 1.75 million tons in July 2011. Peninsular Malaysia's production rose one percent while East Malaysia's output was down 1.4 percent. Compared to July 2010, output during July 2011 was 15 percent higher. Some disruptions in harvesting likely occurred as Malaysia celebrated the end of Ramadan during the last week of August. However, the bigger volume of fruit bunches offset lower oil yield caused by any earlier harvesting or delay in harvesting. CPO output is forecast to be about 5.4 million tons during the Jul-Sep quarter, bringing total output for 2010/11 (Oct/Sep) to 18.3 million tons.

**Price**

The monthly average delivered CPO price rose to \$1,049/ton in August. For comparison, the average CPO price for August 2010 was \$914/ton. Currently, the key determinant of CPO price movement is the declining stock level. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from \$1,107/ton in July to \$1,123/ton in August.

**Stocks**

Strong demand from overseas reduced stocks through July. However, compared to July 2010, the stock level is still 590,000 higher. With outlook for exports looking bright in the near term, the stock level is expected to decline to 18.6 million tons by the end of September.

**Trade**

A preliminary official report shows PO exports rose 9.4 percent to 1.7 million tons in July.

Exchange Rate: Exchange Rate: RM2.967 (Jul 31, 2011); RM2.979 (Aug 29, 2011)

**Other Relevant Reports**

Oilseeds & Products Annual 2011 (AGR Number [MY1004](#))

Biofuel Annual 2011 (AGR Number [MY1006](#))

**Author Defined:****Annual Situation**

The palms are recovering very strongly from the biological stress during the latter half of 2010/2011. The eastern states of Sabah and Sarawak experienced the strongest growth, showing a 29 percent year-to-year increase during the April-June quarter and expected to experience another 20 percent year-to-year growth in the July-September quarter.

Despite the strong increase in CPO output, strong overseas demand is expected to put a lid on stock level at the end of 2010/2011.

	Revised 2009/10	Prelim 2010/11	Forecast 2011/12
(1,000 MT)			
Beg Stock	1,579	1,708	1,860
Production	17,765	18,300	18,500
Imports	1,115	1,315	1,400
Total Supply	20,459	21,323	21,760
Exports	16,604	17,400	17,360
Domestic Use	2,147	2,063	2,500
Ending Stock	1,708	1,860	1,900

### Quarterly Production for Palm Oil

	2010 1/ Apr-Jun	2011 Apr-Jun	2010 1/ Jul-Sep	2011 2/ Jul-Sep
Beg Stocks 3/	1,656	1,614	1,451	2,053
Prod- Pen. Mal	2,359	2,761	2,675	2,955
- East Mal	1,753	2,264	2,014	2,415
- Total	4,112	5,025	4,689	5,370
Imports	277	278	272	270

Total Supply	6,045	6,917	6,412	7,693
Exports 4/	4,112	4,328	4,150	5,230
Dom Disap 5/	482	536	554	603
End Stocks	1,451	2,053	1,708	1,860

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate  
and all intra-Malaysia trade;

5/ Residual

## Production

	2010	2010	2011	2011
	Jul	Jan-Jul	Jul	Jan-Jul
(1000 MT)				
CPO:				
Pen. Malaysia	905	5,380	965	5,689
East Malaysia	614	4,116	786	4,656
- Total /1	1,519	9,496	1,751	10,345
Palm Kernel: Malaysia	389	2,404	425	2,580
Palm Kernel Oil: Malaysia	179	1,127	203	1,169
Palm Kernel Meal: Malaysia	197	1,251	226	1,302

1/ Revised

### Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Aug 2010	2,724	890	901	837
Sep	2,729	904	913	867
Oct	2,856	944	980	940
Nov	3,259	1,073	1,090	1,051
Dec	3,630	1,180	1,173	1,124
Jan 2011	3,772	1,245	1,249	1,124
Feb	3,819	1,285	1,297	1,255
Mar	3,504	1,212	1,212	1,154
Apr	3,378	1,169	1,169	1,124
May	3,382	1,190	1,200	1,113
Jun	3,290	1,174	1,171	1,078
Jul	3,091	1,107	1,122	947
Aug (till 25)	3,126	1,123	1,150	884

1/ Prices are for West Malaysia only (since January 2006),

2/ Revised

Exchange Rate: Exchange Rate: RM2.967 (Jul 31, 2011); RM2.979 (Aug 29, 2011)

### Stocks

	2010	2011	2011	2011

	Jul	May 1/	Jun 1/	Jul
(1,000 MT)				
Crude P. Oil	739	1,078	1,093	1,089
Processed PO	670	845	961	907
- Total PO	1,409	1,923	2,053	1,996
Palm Kernel	112	159	157	141
P. Kernel Oil	203	249	270	264

1/ Revised